

Mine Name: Dry Creek Mine

Other Agency File Number: none

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

---ooOoo---

SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Progressive Contracting, Inc.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/021/041** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:



APPROVED

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
 - 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
 - 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety

FACT SHEET

Commodity: Gypsum

Mine Name: Dry Creek Mine

Permit Number: S/021/041

County: Iron

Disturbed Acres: 5 (five)

Operator Name: Progressive Contracting, Inc.

Operator address: PO BOX 1930 ST GEORGE UT 84771

Operator telephone: 435-628-6662

Operator fax: 435-628-7314

Operator email: pci@infowest.com

Contact: Roy Benson

Surety Type: BOND

Held by (Bank/BLM): BLM

Surety Amount: \$20,700

Surety Account Number: _____

Escalation Year: 2010

Tax ID or Social Security (for cash only): n/a

Surface owner: FEE

Mineral owner: FEE

UTU and/or ML number: n/a

May 24, 2006

Bond Number _____
 Surety NAIC No. _____
 Permit Number S/021/0041
 Mine Name Dry Creek Mine

ATTACHMENT A
 To
RECLAMATION CONTRACT
BETWEEN PRINCIPAL AND DIVISION

STATE OF UTAH
 DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
 1594 West North Temple Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801
 Telephone: (801) 538-5291
 Fax: (801) 359-3940

THE UTAH MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Progressive Contracting, Inc., as Principal, a Corporation organized under the laws of the State of Utah and Employers Mutual Insurance, as Surety, a Corporation organized under the laws of the State of Iowa, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining ("Division") and (other agency, if any) in the penal sum of Twenty Thousand Seven Undred & No/100 ***** dollars (\$ 20,700.00).

This Surety Bond is provided to secure the obligations of the Principal, as set forth by the terms and conditions of the Reclamation Contract, and any addendums thereto, to reclaim lands that will be affected by mining operations as identified in the Notice of Intention received, or approved if applicable, by the Division on the 30th day of August, 2007.

The lands that are covered by this Surety Bond are the Lands Affected by mining operations as defined and described in the above Notice, and the Mining and Reclamation Plan if required, subject to terms and conditions of the Reclamation Contract.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the Mining and Reclamation Plan or Notice and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall

☒ **APPROVED**

Bond Number _____
Surety NAIC No. _____
Permit Number S/021/026
Mine Name Dry Creek

and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect. Failure of the Principal to fulfill the obligations specified by the Mined Land Reclamation Act and the Rules adopted there under, and in accordance with the specification of the Principal's Mining and Reclamation Plan or Notice, may result in forfeiture of this bond in accordance with the applicable statutes and regulations.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the lands affected, and if the lands are reclaimed in accordance with such Plan or Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond. In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the lands affected or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety. The amount of reclamation surety may also be adjusted as a result of a periodic review by the Division, which shall take into account inflation/deflation based upon an acceptable Costs Index, or at the request of the operator.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Written notice to the Division and Principal as required by this paragraph shall be provided by certified mail or by a courier service that provides proof of delivery by signature of the recipient. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

Surety is licensed to do business in Utah and is rated by A. M. Best as A- or better or rated as having Financial Performance Rating (FPR) of 8 or better, and is listed in the U. S. Department of Treasury's Circular "570." Upon incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, or upon failure to maintain the A. M. Best or FPR rating and listing on Circular "570", Principal shall be without adequate bond coverage as required by the Division and shall have 120 days after notice to replace the bond with other bonds acceptable to the Division. If the Principal does not replace this surety bond as required, the Division may order cessation of mining operations and commence actions to enforce its rights against the Surety. The Surety's liability shall continue and the Surety will remain fully liable for all reclamation obligations of the Principal incurred until this surety bond is forfeited, or the conditions of this obligation have been satisfied.

Page 3
MR-SUR
Attachment A
(revised May 24, 2006)

Bond Number _____
Surety NAIC No. _____
Permit Number S/021/026
Mine Name Dry Creek

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Progressive Contracting, Inc.
Principal (Permittee)

Russell Limb - President

By (Name and Title typed):

Russell Limb
Signature

August 31, 2007

Date

Surety Company

Employers Mutual Insurance Company
Surety Company Name

6550 S. Millrock Dr., #300
Street Address

J. Michele Burraston
Surety Company Officer

Salt Lake City, UT 84121
City, State, Zip

Attorney-in-Fact
Title/Position

(801) 937-6700
Phone Number

J. Michele Burraston
Signature

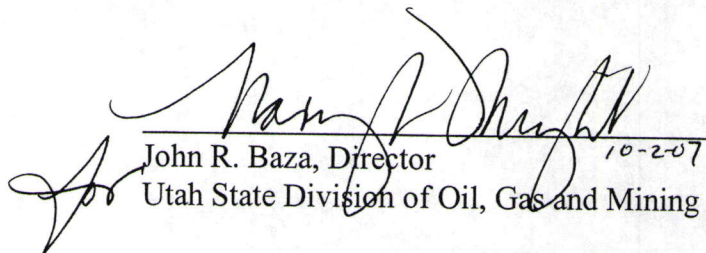
April 3, 2007
Date

Page 4
MR-SUR
Attachment A
(revised May 24, 2006)

Bond Number _____
Surety NAIC No. _____
Permit Number S/021/026
Mine Name Dry Creek

SO AGREED this 3rd day of May, 20 07.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:


John R. Baza, Director
Utah State Division of Oil, Gas and Mining
10-2-07

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Bond Number _____
Surety NAIC No. 1
Permit Number S/021/026
Mine Name Dry Creek

AFFIDAVIT OF QUALIFICATION

On the 3rd day of May, 20 07, J. Michele Burraston personally appeared before me, who being by me duly sworn did say that he/she, the said J. Michele Burraston is the Attorney-in-Fact of Employers Mutual Casualty Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said J. Michele Burraston duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: J. Michele Burraston
Surety

Title: Attorney-in-Fact

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

Subscribed and sworn to before me this 3rd day of May, 20 07.



Annette C. Smith
Notary Public
Residing at: SLC, UT

My Commission Expires:

1-19, 20 08

EMC Insurance Companies

P.O. Box 712 • Des Moines, IA 50306-0712

No. **CERTIFICATE OF AUTHORITY INDIVIDUAL ATTORNEY-IN-FACT****KNOW ALL MEN BY THESE PRESENTS, that:**

1. Employers Mutual Casualty Company, an Iowa Corporation
2. EMCASCO Insurance Company, an Iowa Corporation
3. Union Insurance Company of Providence, an Iowa Corporation
4. Illinois EMCASCO Insurance Company, an Iowa Corporation

5. Dakota Fire Insurance Company, a North Dakota Corporation
6. EMC Property & Casualty Company, an Iowa Corporation
7. Hamilton Mutual Insurance Company, an Iowa Corporation

hereinafter referred to severally as "Company" and collectively as "Companies", each does, by these presents, make, constitute and appoint:

TERRY H. BUCKNER, J. MICHELE BURRASTON, RANDY C. EMERY, CHRIS LUND, INDIVIDUALLY, SALT LAKE CITY, UTAH.....

its true and lawful attorney-in-fact, with full power and authority conferred to sign, seal, and execute its lawful bonds, undertakings, and other obligatory instruments of a similar nature as follows:

ANY AND ALL BONDS

and to bind each Company thereby as fully and to the same extent as if such instruments were signed by the duly authorized officers of each such Company, and all of the acts of said attorney pursuant to the authority hereby given are hereby ratified and confirmed.

The authority hereby granted shall expire APRIL 1, 2010 unless sooner revoked.**AUTHORITY FOR POWER OF ATTORNEY**

This Power-of-Attorney is made and executed pursuant to and by the authority of the following resolution of the Boards of Directors of each of the Companies at a regularly scheduled meeting of each company duly called and held in 1999:

RESOLVED: The President and Chief Executive Officer, any Vice President, the Treasurer and the Secretary of Employers Mutual Casualty Company shall have power and authority to (1) appoint attorneys-in-fact and authorize them to execute on behalf of each Company and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (2) to remove any such attorney-in-fact at any time and revoke the power and authority given to him or her. Attorneys-in-fact shall have power and authority, subject to the terms and limitations of the power-of-attorney issued to them, to execute and deliver on behalf of the Company, and to attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and any such instrument executed by any such attorney-in-fact shall be fully and in all respects binding upon the Company. Certification as to the validity of any power-of-attorney authorized herein made by an officer of Employers Mutual Casualty Company shall be fully and in all respects binding upon this Company. The facsimile or mechanically reproduced signature of such officer, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power-of-attorney of the Company, shall be valid and binding upon the Company with the same force and affect as though manually affixed.

IN WITNESS WHEREOF, the Companies have caused these presents to be signed for each by their officers as shown, and the Corporate seals to be hereto affixed this 14TH day of MARCH, 2007.

Seals



PATRICIA A. WRIGHT
Commission Number 176255
My Comm. Exp. Nov. 1, 2008

Bruce G. Kelley
Bruce G. Kelley, Chairman
of Companies 2, 3, 4, 5 & 6; President
of Company 1; Vice Chairman and
CEO of Company 7

Jeffrey S. Birdsley
Jeffrey S. Birdsley
Assistant Secretary

On this 14TH day of MARCH AD 2007 before me a Notary Public in and for the State of Iowa, personally appeared Bruce G. Kelley and Jeffrey S. Birdsley, who, being by me duly sworn, did say that they are, and are known to me, to be the Chairman, President, Vice Chairman and CEO, and/or Assistant Secretary, respectively, of each of the Companies above; that the seals affixed to this instrument are the seals of said corporations; that said instrument was signed and sealed on behalf of each of the Companies by authority of their respective Boards of Directors; and that the said Bruce G. Kelley and Jeffrey S. Birdsley, as such officers, acknowledge the execution of said instrument to be the voluntary act and deed of each of the Companies.
My Commission Expires November 1, 2008.

Patricia A. Wright
Notary Public in and for the State of Iowa

CERTIFICATE

I, David L. Hixenbaugh, Vice President of the Companies, do hereby certify that the foregoing resolution of the Boards of Directors by each of the Companies, and this Power of Attorney issued pursuant thereto on MARCH 14, 2007 on behalf of TERRY H. BUCKNER, J. MICHELE BURRASTON, RANDY C. EMERY, CHRIS LUND are true and correct and are still in full force and effect.

In Testimony Whereof I have subscribed my name and affixed the facsimile seal of each Company this 3rd day of May, 2007.

David L. Hixenbaugh
Vice-President

COPY
Vice-President